

Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00 FRB-01

INR-07 NSAE-00 RSC-01 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 CU-04 EUR-12 NSC-05

SS-15 STR-04 CEA-01 PA-02 PRS-01 USIA-15 L-02 /113 W

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R 292008Z JAN 75

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 1967

INFO AMEMBASSY LIMA

AMEMBASSY BUENOS AIRES

AMEMBASSY LA PAZ

UNCLAS SANTIAGO 0641

E.O.11652:N/A

TAGS: CI ECON EFIN

SUBJ: GOC CLAMPS DOWN ON CHILEAN FOREIGN TRAVEL TO SAVE FOREIGN
EXCHANGE

REF: A) SANTIAGO 5901; B) SANTIAGO A-233

SUMMARY: GOC HAS RAISED COST OF FOREIGN TRAVEL FOR CHILEANS BY
IMPOSING HIGHER EXIT TAX AND REDUCING FOREIGN EXCHANGE WHICH CAN BE
PURCHASED FROM OFFICIAL SOURCES. END SUMMARY.

1. SINCE 1973 CHANGE IN GOVERNMENT GOC HAS FOLLOWED A POLICY OF
LIBERALIZING FOREIGN TRAVEL BY CHILEANS. SINCE SEPTEMBER 1974
TRAVELERS GOING TO US, CANADA AND EUROPE HAS BEEN ALLOWED TO
PURCHASE UP TO \$2,000 FROM THE CENTRAL BANK AS COMPARED WITH PREVIOUS
LIMITATION OF \$720 AND ONLY \$500 PER YEAR DURING THE ALLENDE REGIME.

2. BECAUSE OF CRITICAL 1975 BOP SITUATION (REF B), GOC HAS NOTIFIED
AIRLINES THAT EFFECTIVE FEB 1 EXIT TAX, WHICH HAS BEEN E0.50,000 PER
PERSON SINCE EARLY 1974, WILL BE INCREASED TO E0.237,980
(ROUGHLY \$100 AT CURRENT BROKERS EXCHANGE RATE). EXEMPTIONS

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FOR OFFICIAL, BUSINESS, STUDENT AND DIPLOMATIC TRAVEL LIMIT

LIABILITY THIS TAX ESSENTIALLY TO TOURISTS. IN ADDITION, EFFECTIVE JAN 18, CENTRAL BANK REDUCED FX TRAVELERS TO CONTIGUOUS COUNTRIES COULD PURCHASE FROM OFFICIAL SOURCES FROM \$500 TO \$200. FOR REST OF LATIN AMERICAN REDUCTION IS FROM \$1,000 TO \$400 AND FOR US, CANADA AND EUROPE REDUCTION IS FROM \$2,000 TO \$1,000.

3. CENTRAL BANK ANNOUNCED THAT IT SOLD TRAVELERS \$15.6 MILLION IN 1974, \$2.5 MILLION IN JAN 1975, AND \$11.0 MILLION DURING THE PERIOD OCT 1974 THROUGH JAN 1975, SUGGESTING 1975 OUTFLOW IN \$20-\$30 MILLION RANGE HAD NO ACTION BEEN TAKEN TO REDUCE THIS DRAIN.

4. COMMENT: IN VIEW OF HUGE PROJECTED 1975 BOP GAP, REDUCTION IN TRAVEL EXPENDITURES WILL BE ONLY A DROP IN THE BUCKET. IT DOES, HOWEVER, REPRESENT AN ATTEMPT TO CUT BACK ON AN ACTIVITY WHICH CAN EASILY BE FORGONE AT TIME WHEN ANY SUCH EFFORTS ARE BADLY NEEDED.
POPPER

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Message Attributes

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